

FISCAL NOTE

SB 3694 – HB 4132

February 22, 2008

SUMMARY OF BILL: Requires a contribution by state government, based on years of service, for school teachers' (and their dependents') health insurance coverage and for retired school teachers' Medicare supplemental coverage. Amounts to be paid range from 40 percent of premium for employees with less than five years of service, up to 75 percent of premium for employees with 33 or more years of service.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$20,000,000

Increase Local Expenditures* – Exceeds \$2,000,000

Assumptions:

- Public Acts 2007, Chapter 603, Section 11, Item 2 appropriates 45% of the total average premium for teacher's health insurance through the Basic Education Program for FY07-08.
- According to the Department of Education (DOE), state expenditures would increase by \$54,782,200 per year under this bill. This estimate only takes into account current teachers.
- According to the Department of Finance and Administration (F&A), the Division of Insurance, state expenditures will increase by \$20,634,900 in FY08-09 and by \$22,285,700 in FY09-10.
- According to F&A, the Division of Insurance, local government expenditures will increase by \$3,247,400 in FY08-09 and by \$3,507,200 in FY09-10.
- Given the wide disparity of estimates received from the Division of Insurance (F&A) and DOE, the increase to state expenditures is estimated to exceed \$20,000,000 per year, and local government expenditures are estimated to exceed \$2,000,000 per year.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/rnc